WEST FRIENDSHIP VOLUNTEER FIRE DEPARTMENT, INC. West Friendship, Maryland

FINANCIAL STATEMENT June 30, 2006

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#### **Independent Auditor's Report**

The Honorable County Council
West Friendship Volunteer Fire Department, Inc.
Howard County, Maryland

We have audited the statement of cash receipts and disbursements of the County's operating fund – actual and budget of the West Friendship Volunteer Fire Department, Inc. ("Department") for the year ended June 30, 2006. This financial statement is the responsibility of the Department's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of cash receipts and disbursements of the County's operating fund – actual and budget is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in the Summary of Significant Accounting Policies, this financial statement was prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. In addition, this statement was prepared to comply with requirements specified by the Howard County Government and is not a complete presentation of the West Friendship Volunteer Fire Department, Inc.'s cash, cash receipts and disbursements.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the County's operating fund – actual and budget of the West Friendship Volunteer Fire Department, Inc. for the year ended June 30, 2006, on the basis of accounting described in the Summary of Significant Accounting Policies.

Our audit was performed for the purpose of forming an opinion on the financial statement taken as a whole. The accompanying supplemental information, listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement. The additional information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Ston Genderson LLP

Baltimore, Maryland September 14, 2006

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### WEST FRIENDSHIP VOLUNTEER FIRE DEPARTMENT, INC. STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS OF THE COUNTY'S OPERATING FUND – ACTUAL AND BUDGET Year Ended June 30, 2006

	Actual		Budget	
RECEIPTS				
Howard County, Maryland	\$	298,885	\$	298,885
Interest		1,744		***
Miscellaneous		1,449		
Total receipts		302,078		298,885
DISBURSEMENTS				
Contractual services		82,599		88,025
Materials and supplies		187,622		157,660
Business and travel expenses		33,944		31,700
Capital outlay		6,633		17,450
Miscellaneous	***********	1,101		4,050
Total disbursements		311,899		298,885
DECREASE IN CASH DURING THE YEAR		(9,821)	\$	_
CASH BALANCE, BEGINNING OF YEAR		24,580		
CASH BALANCE, END OF YEAR	<u>\$</u>	14,759		

This financial statement should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statement.

## WEST FRIENDSHIP VOLUNTEER FIRE DEPARTMENT, INC. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES June 30, 2006

West Friendship Volunteer Fire Department, Inc. ("Department"), located in Howard County, Maryland is a full service public service organization providing Fire Suppression, Rescue, and Paramedic level Emergency Medical Services. The Department accomplishes its daily goal of quality service to the citizens of Howard County with a group of dedicated volunteers as well as a complement of Howard County Department of Fire and Rescue Services personnel.

#### BASIS OF ACCOUNTING

The financial statement has been prepared on the cash basis of accounting and is not intended to present the results of operations in conformity with generally accepted accounting principles. Under the cash basis of accounting, the only asset recognized is cash and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and non-cash transactions are not recognized. However, significant amounts committed through encumbrance, if any, as of year-end, are disclosed for informational purposes.

The budget is determined by the Howard County Council during its annual budgetary process. It represents the Department's portion of the County's total budget.

This statement includes the cash receipts and disbursements of the County's operating account of the West Friendship Volunteer Fire Department, Inc. Certain financial activities of the Department are accounted for separately and the related cash accounts are not included in this statement.

The cash basis differs from generally accepted accounting principles primarily because of the following:

- Accounts receivable are not reflected as revenue.
- The purchase of inventories and fixed assets are reflected as disbursements as opposed to assets, and the related use of inventories and depreciation of fixed assets are not reflected as expenses.
- Accounts payable are not included as expenses.

This information is an integral part of the accompanying financial statement.

### WEST FRIENDSHIP VOLUNTEER FIRE DEPARTMENT, INC. NOTES TO FINANCIAL STATEMENT June 30, 2006

#### **NOTE 1 – ENCUMBRANCES**

There are no significant encumbrances at the end of the fiscal year.

#### NOTE 2 – RELATED PARTY TRANSACTIONS

A volunteer member of the Department is the owner of a company that the Department used for lawn mowing. Payments to the company for services totaled \$825 for the year ended June 30, 2006.

A volunteer member of the Department is the owner of a company that the Department used for snow removal and lawn mowing. Payments to the company for services totaled \$2,803 for the year ended June 30, 2006.

SUPPLEMENTAL INFORMATION

## WEST FRIENDSHIP VOLUNTEER FIRE DEPARTMENT, INC. SCHEDULE OF CASH RECEIPTS – ACTUAL AND BUDGET Year Ended June 30, 2006

The Department's cash receipts from Howard County, Maryland's Operating Fund consist of the following:

	Actual	Budget	
Howard County, Maryland			
Operating funds	<u>\$ 298,885</u>	<u>\$ 298,885</u>	

# WEST FRIENDSHIP VOLUNTEER FIRE DEPARTMENT, INC. SCHEDULE OF CASH DISBURSEMENTS – ACTUAL AND BUDGET Year Ended June 30, 2006

The Department's cash disbursements from the County's operating fund by budgetary object are as follows:

	 Actual		Budget	
Contractual Services				
201 - Rentals	\$ 200	\$	500	
202 - Utilities	19,194		20,000	
203 - Telephone	670		2,300	
204 - Advertising	•••		1,500	
205 - Insurance	22,135		24,000	
206 - Professional	3,955		6,000	
207 - Service and maintenance	34,177		30,000	
217 - Microcomputer maintenance		•	275	
219 - Rental equipment	557		1,000	
235 - Fire extinguisher maintenance	978		1,000	
237 - Pest control	394		450	
240 - Overhead door maintenance	339	***************************************	1,000	
TOTAL	 82,599	\$	88,025	
Materials and Supplies				
301 - Printing	\$ 4,293	\$	3,500	
302 - Postage	1,440		2,000	
303 - Janitorial supplies	3,148		5,500	
304 - Food	5,136		9,000	
305 - Office supplies	9,388		5,500	
306 - Auto supplies	7,127		9,000	
307 - Tools	-		1,000	
308 - General supplies	3,384		2,600	
318 - Landscaping supplies	-		1,000	
342 - Uniforms	10,820		12,000	
343 - Protective equipment	39,998		30,000	
344 - Firefighting equipment	2,228		9,500	
345 - Medical supplies	17,265		15,000	
347 - Pharmaceuticals	9,991		8,000	
350 - Communication ports			1,000	
351 - Photo supplies	**		1,560	
352 - Computer supplies	3,769		5,500	
370 - Library books	888		1,000	
373 - Vehicle maintenance	 68,747		35,000	
TOTAL	 187,622	\$	157,660	

## WEST FRIENDSHIP VOLUNTEER FIRE DEPARTMENT, INC. SCHEDULE OF CASH DISBURSEMENTS – ACTUAL AND BUDGET Year Ended June 30, 2006

(Continued)

	Actual		Budget	
<b>Business and Travel Expenses</b>				
410 - Vehicle fuels	\$	23,985	\$	18,000
413 - Commercial travel		765		1,000
414 - Subsistence		4,920		3,000
415 - Subscriptions		538		1,000
416 - Membership dues		350		300
418 - Seminars and meetings		1,022		400
420 - Training courses	<del>in the constant</del>	2,364	***************************************	8,000
TOTAL	\$	33,944		31,700
Capital Outlay				
502 - Building	\$	176	\$	-
505 - Operational equipment		4,931		17,450
507 - Data processing equipment		1,526		-
TOTAL	\$	6,633	\$	17,450
Miscellaneous				
606 - Contributions	\$	50	\$	550
607 - Miscellaneous		1,051		3,500
TOTAL	\$	1,101	\$	4,050